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RUEHLO/AMEMBASSY LONDON PRIORITY 1446  
RUEHKO/AMEMBASSY TOKYO PRIORITY 1922  
RUEHOT/AMEMBASSY OTTAWA PRIORITY 1778  
RUEHFL/AMCONSUL FLORENCE PRIORITY 2830  
RUEHNP/AMCONSUL NAPLES PRIORITY 2976  
RUEHMIL/AMCONSUL MILAN PRIORITY 9171  
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C O N F I D E N T I A L SECTION 01 OF 04 ROME 002515

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STATE FOR L, EEB/TFS LAMBERT, IO/PSC FOR CROWE  
TREASURY FOR EDDY, LURIE

E.O. 12958: DECL: 12/27/2017

TAGS: [EFIN](#) [KFIN](#) [ECON](#) [IT](#)

SUBJECT: ITALY REQUESTS INFORMATION ON 1267 TERROR FINANCE  
DELISTING CASES

REF: A. HUTCHINGS-LAMBERT/CROWE EMAIL DEC 21

[1](#)B. ROME 2143

[1](#)C. STATE 139684

[1](#)D. STATE 145622

[1](#)E. ROME 2477

Classified By: Econ Counselor William R. Meara  
for Reasons 1.4 (b) and (d).

[1](#)1. (U) This is an action request, please see para 11.

[1](#)2. (C) Summary: On December 21, Stefania Fancello at the MFA's Office of International Cooperation Against Terrorism conveyed to Econoff a request for more information on the 1267 (al-Qaida/Taliban Sanctions) delisting cases of Nasreddin, Nada and Himmatt. While noting concern over the delisting of Italian national Nasreddin, Fancello asked the USG provide to the GOI an explanation of why we supported delisting Nasreddin. Turning to the case of Nada, an Italian national whose request for delisting via the Focal Point process was denied, Fancello said Nada is now appealing to the Italian national authorities for redress. Fancello relayed a GOI request that the USG provide a public statement by January 10, 2008, explaining the USG decision to oppose Nada's delisting. Finally, concerning the pending delisting petition via the Focal Point process of Himmatt, the GOI requests that we share information on Himmatt and coordinate our position with the GOI before informing the Focal Point office of our position. Econoff agreed to pass these requests to Washington, but noted that some of them may be difficult to fulfill within the requested time period. Post will discuss the Nasreddin case with senior Ministry of Finance officials. End summary.

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Background on Focal Point Process  
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[1](#)3. (C) Ahmed Nasreddin (an Eritrean-born Italian citizen) applied on April 13, 2007 to the UN Focal Point system for the delisting of himself and 12 entities associated with him. Nasreddin had been jointly listed by G7 nations under provisions of UNSCR 1267 (al Qaida Taliban Sanctions) on April 22, 2002. The Focal Point office within the UN Secretariat was established by the Secretary General to allow

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listed individuals/entities to petition directly for delisting. Once the Focal Point office receives a delisting request, it forwards the request to the designating government(s) and to the government(s) of citizenship and residence. These governments have three months to review the petition and decide to oppose or support delisting, or to request additional time to review the petition. Member States reviewing the Focal Point delisting request may also opt to not take a position for or against the request. In any event, the decision taken by reviewing States to support or deny Focal Point delisting requests are shared via the Focal Point with Members of the 1267 Committee. If any of the reviewing states support delisting, a decision to delist is circulated to members of the 1267 Committee under a 5-day no objection deadline (NOD).

¶4. (C) UN representatives agreed in July 2007 to request additional time to review Nasreddin's delisting petition, and to reconvene prior to the extension deadline (October 12) to consult on final positions to support/deny Nasreddin's petition. Nasreddin's delisting petition was reviewed by listing countries (G7), Kingdom of Morocco (country of residency), and relevant governments of incorporation of Nasreddin-linked entities. In September, the Italians indicated to the USG through Embassy Rome that they would likely support the decision to delist Nasreddin, or, at minimum, remain silent (Ref B). Both MFA and Ministry of Finance officials requested that the USG position be shared with the GOI because it would factor into GOI decisions. In late September the USG informed the Italians that we would support delisting (see Ref C).

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Background on Italian Position Switch  
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ROME 00002515 002 OF 004

¶5. (C) When the delisting request was received, Italy's Financial Security Committee (FSC) tasked a magistrate (analogous to a US prosecutor) in Milan to investigate and review the evidence on Nasreddin in order for the GOI to develop a position on Nasreddin. The magistrate was unable to charge Nasreddin under Italian law, because the laws prohibiting his activities came into effect after the terrorist financing activities occurred. However, the magistrate wrote a statement in which he said Nasreddin was guilty of terrorist activities. Ministry of Finance official Maria Paula Suppa told Econoff on October 11 that the FSC was surprised by the magistrate's conclusion. (Giuseppe Maresca, the Ministry of Finance representative on the FSC explained to Econoff in December that the Italian Justice official on the FSC had been adamant that Nasreddin was a terrorist and he should remain on the 1267 list.) Rather than attempting to formally change the GOI position in favor of delisting, the FSC tasked Italy's mission at the UN with sharing the Magistrate's decision with the Focal Point Committee. (It appears that the FSC hoped that this information would cause other Focal Point members to decide to oppose the delisting.) However, when the information was passed to the Italian mission at the UN, MFA officials learned that in order to transmit information to the Focal Point Committee, the Italian government would have to make a statement on how this information affected delisting. Roberto Ciciani of the Ministry of Finance told econoff that the MFA, therefore, made a last minute political decision to characterize the information as negative when sharing it with the G7; the GOI encouraged other countries to object to the delisting at the next Focal Point Committee meeting. Stefania Fancello passed the same message to Post, but also indicated that the Italians would likely remain silent over the delisting. Post conveyed to Washington the Italians' objection and asked that this case be reviewed. The USG reviewed the information and concluded we would still support the delisting. Post conveyed our position to Italian authorities on October 18 (reftel D). Meanwhile, Ciciani told Econoff privately that he

thought the delisting should continue. He said and it was a lack of understanding of the process which resulted in the Italian requests to lobby the USG and G7 countries to oppose delisting.

¶6. (C) The USG filed its papers supporting the decision to delist Nasreddin at the Focal Point secretariat in early November 2007. The GOI decided to remain silent in the focal point system on Nasreddin, but continued to lobby the USG and other G7 countries to oppose delisting. Fancello explained to Econoff in late October that, while the Italians did not want to contradict their own magistrate's opinion, the GOI was also reluctant to publicly name an Italian national as a terrorist. On November 5, when the Focal Point committee met and discussed the case, no country objected; Nasreddin was delisted after the five day NOD on November 10, 2007.

¶7. (C) During Treasury Under Secretary Levey's visit in late November (reftel E), Ministry of Finance Director General Grilli made clear his unhappiness over the fact that Nasreddin was delisted. Econoff replied to Grilli that we reviewed the information on Nasreddin, and found no new information that could change the USG position to support delisting. Econoff also noted that it was difficult for the USG to oppose a delisting when Italy remained silent and did not object to the delisting at the Focal Point Committee meeting. Grilli responded that because Nasreddin was their own national, the Italians could not take a public position on his activities.

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Nasreddin Appealing For Compensation  
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¶8. (C) On December 21, Stefania Fancello informed Econoff that Nasreddin has appealed to the Italian legal system for compensation. Fancello said Italian ministries are coordinating their position, and request from the USG an explanation of the reasoning behind the decision to support delisting. Noting that the USG sponsored the proposal to sanction Nasreddin, Fancello questioned why the USG changed

ROME 00002515 003 OF 004

its views and eventually supported his removal from the list. (Note: All G-7 members --including Italy-- cosponsored Nasreddin's listing.) Fancello reminded Econoff that the Italians had shared the magistrate's decision on Nasreddin with the USG and other Member States reviewing Nasreddin's delisting petition. She pointed to the Judge's view that Nasreddin had connections to terrorist financing activities, even though the courts could not formally charge him. In light of the new information the Italians provided, and their request for the USG to change position, the GOI would like an explanation of the USG decision to support delisting. Econoff replied that she would convey the request to Washington, but noted that the magistrate's decision did not contain any additional evidence on Nasreddin and reminded Fancello that Italy's approach to ask other countries oppose delisting, when they themselves would not oppose delisting, complicated the situation.

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Nada Asks Judge for GOI to Appeal to Focal Point  
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¶9. (C) Turning to the delisting petition submitted (and denied) via the Focal Point by Italian citizen Youseff Moustaffa Nada, Fancello said Nada has petitioned a judge to urge the competent Italian authority to appeal his case via the UN 1267 Committee. Italy's Financial Security Committee normally makes the decision on whether to appeal or not. (Our GOI contacts seem genuinely concerned that a judge may order them to appeal Nada's case to the 1267 committee.) Fancello said the USG (that had proposed the 1267 listing) had objected to Nada's delisting in September and that the

Italians agreed. Noting that the USG made a public statement when Nada was sanctioned domestically and at the 1267 Committee, Fancello said that the GOI is requesting that the USG provide the GOI with a public statement on why the USG believes Nada should remain on the 1267 list. Fancello advised that an updated statement on our earlier position (available on the OFAC website) on Nada would suffice. Fancello said that the GOI deadline for responding to Mr. Nada is in January and explained that the FSC is set to meet on January 16 to decide the GOI response. They request that a USG statement be made available to the Italians by January 10. Econoff replied that, in the best of circumstances, it is difficult to obtain a fully cleared statement from the USG in two weeks. Fancello emphasized that this information is necessary for their internal process and noted that the GOI is required by law to render a decision on Nada. (Note: We believe any USG public statement that we provide to the Italians would likely be used by the GOI in their legal case involving Nada,s appeal.)

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GOI Asks for Information Sharing on Himmat  
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¶10. (C) Regarding the pending delisting petition via the Focal Point process for removal from the 1267 Consolidated List of Himmat (an associate of Nada and Nasreddin), Fancello passed the judge's ruling on Himmat and asked us to take his decision into account. The judge's decision on the case was similar to that in the Nasreddin case: while Himmat could not be tried under Italian law, the judge still believed Nada had participated in terrorist financing activities. The Focal Point deadline on this case is March 12. (Econoff emailed a copy of the decision to the desk and EEB officers.) Fancello also requested that the USG inform the GOI of our position once it is taken and asked that the USG communicate any information we have on Himmat so the GOI can take a better informed position.

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Action Request  
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¶11. (C) Post requests Washington provide a response to the request regarding Nada by January 10. Post also requests Washington provide us with an explanation by February that we can pass to the GOI (in a nonpaper) on the reasoning behind

ROME 00002515 004 OF 004

the Nasreddin decision, along with any information on the USG position on Himmat.

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Comment  
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¶12. (C) Comment: The Nasreddin case is an example of Italian interagency confusion about the Focal Point process and the purpose of the listing/delisting system. To be fair, this case is the first of its kind. But nevertheless we've been disappointed by the GOI's willingness to blame us for their confusion. The GOI genuinely believed that the magistrate would uphold their earlier position to delist Nasreddin and had described the process as a formality to post, (Ref B). But, when the magistrate, who likely was unaware of how and why an individual could be delisted, wrote that Nasreddin had in fact financed terrorist activities, the GOI was put in an awkward position.

¶13. (C) In an effort to maintain Italian cooperation on terror finance/WMD finance matters, Post intends to quietly go back to the GOI on the Nasreddin case at a high level early in the new year. We will lay out for the GOI the sequence of events on this case (as described here) and make clear that no one on the US side made any missteps on this delisting.

¶14. (C) It seems that the Italians, once again, want us to be the ones to block the delisting of Himmat. Any information the US can provide on the Himmat case would allow for a meaningful dialogue on the case before the decision is made.  
End Comment.  
BORG